

1952 51-4AA  
MAY 1952

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SECURITY INFORMATION

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25X1

## REPORT NO.

CD NO.

COUNTRY Rumania

DATE DISTR. 17 December 1952

SUBJECT Oil Production in 1952

NO. OF PAGES 1

25X1C

DATE OF INFO.

NO. OF ENCLS.  
(LISTED BELOW)

PLACE  
ACQUIRED

SUPPLEMENT TO  
REPORT NO.

25X1X

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1. Oil production in Rumania is believed to be only 4,400,000 tons a year, or a little more than half the pre-war production. On 2 August 1952 the professional staff of the Petroleum Ministry decided to increase working hours from eight to ten hours a day. This increase of working hours, plus the strictest possible control, has not made much improvement. As the refineries were built to process 9,000,000 tons a year, some of them have been closed down. This has resulted in the proposal to transfer the Ploesti refineries to the Soviet Union.
2. The causes of decreasing production are:
  - a. Bad administration; the managers are chosen for Party influence rather than expert knowledge of the oil business.
  - b. Lack of equipment both for refineries and for drilling. The Soviet Union has failed to keep its agreement to supply such equipment.
  - c. Failure to develop new deposits.
3. d. Sabotage by the workers who are badly treated and underpaid by the Communist regime.

In all petroleum plants the political director is much more important than the technical director. The secretary of the plant is normally a Communist as is the chief of cadres. Each plant is under the supervision of the police.

4. The Soviet Union has continued to calculate the price of oil on a pre-war basis; that is, the world price of 1939, six lei a liter. As a result of inflation the real price has been at times 60, 150, and even 3,000 lei a liter. Immediately before the monetary reform the Rumanian price of oil was 70 lei. Today it is 3.50 lei in the new currency.

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